



**By**  
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**of**  
**CATHOLIC RELIEF SERVICES**  
**WRITTEN TESTIMONY**

**Before**  
  
***THE HOUSE COMMITTEE ON FOREIGN AFFAIRS***  
**SUBCOMMITTEE ON AFRICA AND GLOBAL HEALTH**  
***Donald M. Payne, New Jersey, Chairman***

**on**  
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Good morning Chairman Payne, Ranking Member Smith and the members of the subcommittee. Thank you for allowing Catholic Relief Services (CRS) to share its views on foreign assistance reform priorities for Africa. CRS is one of the largest American humanitarian organizations operating in the region, with longstanding ties on the continent that in many cases predate African independence.

My name is Bill O’Keefe, Senior Director for Advocacy for Catholic Relief Services (CRS). Operating in more than 100 countries around the world, CRS is the international humanitarian agency of the U.S. Conference of Catholic Bishops, representing the nearly 70 million members of the U.S. Catholic community.

In my testimony, I’d like to focus on the value that faith-based organizations bring to reducing poverty, alleviating human suffering, and providing hope to a new generation. Then, I will cover how the current nature of U.S. foreign assistance complicates and limits our role and its overall impact. Next, I will discuss three priority areas for our work in Africa: food security, our response to the HIV and AIDS pandemic, and microfinance. Last, I will conclude with recommendations for foreign assistance reform.

#### Role of Faith-based Organizations in U.S. Foreign Assistance and Development

Faith-based institutions play a leading, and in many respects, a unique role in extending the reach of foreign assistance. CRS, for example, directly programs more than \$350 million in U.S. foreign assistance annually. We and other faith groups leverage these resources to accomplish even more. According to a report in the International Review of the Red Cross, church-related agencies associated with the World Council of Churches and Caritas International family, a global network of Catholic social service and development organizations including Catholic Relief Services, each mobilize over \$1 billion per year in private resources for relief and development.

The Catholic Church, as well as other faith traditions, possesses an extensive grassroots network in Africa. It actually extends the impact of U.S. foreign assistance into remote areas that most international donors and many national governments are unable otherwise to reach. For example, through its hospitals, schools and social service outreach, the Catholic Church provides approximately 25% of the care and treatment for persons with HIV and AIDS worldwide, especially in Africa. Without our engagement, the most vulnerable would simply go without valuable assistance in many parts of the world. And we work effectively because of our network of relationships, knowledge of local cultures, and respect for local traditions and religious values.

Catholic humanitarian agencies, including Catholic Relief Services, are guided by the principles of Catholic social teaching. While motivated by faith, we provide assistance solely on the basis of need and not creed. Our faith tradition combined with our long experience, nonetheless, influences our view of effective development in ways which we think are consistent with the values of most Americans and relevant to the deliberations of this subcommittee.

First, the teaching of our faith promotes the sanctity, intrinsic **human dignity**, and rights of all members of society. Our teachings instruct us to pay special attention to those who face chronic

poverty, conflict, disease, illiteracy and exploitation. Our work is dedicated to **integral human development**, promoting the good of every person and the whole person. While development allows individuals and communities to move out of poverty, it is not limited merely to economic growth. Effective development must address the political, economic, social and cultural factors that perpetuate inequity and poverty. Integral human development promotes human dignity by fostering the ability of the individual to reach his or her full potential.

Based on our principles of **social justice**, effective development also requires an understanding of the underlying policies that intersect and impact the lives of the poor. Trade policies that prevent poor farmers and workers from competing in the global market, migration policies that contradict labor market realities and foster exploitative conditions in sending and receiving countries, and diplomatic failures that lead to war and displacement undermine effective development.

Ultimately, U.S. foreign assistance must be about the development of people. Governments are responsible for promoting the **common good** – creating the economic, social, cultural and political conditions that allow people to thrive. Effective U.S. foreign assistance should support the capacity of other governments to help their own people develop in the long-term; short-term political or security goals must not displace and cannot substitute for long-term development efforts. Simultaneously building civic society capacity strengthens government accountability and functioning. Effective U.S. foreign assistance should directly build the capacity of communities and individuals to help themselves, while still seeking to help their governments become more responsive and accountable to the needs of their people.

CRS' perspective on foreign assistance is also shaped by more than 65 years of experience in providing immediate relief to communities devastated by manmade and natural disasters and facilitating community-led, sustainable development. Throughout its history, CRS has been an active development partner of the U.S. government and has seen both the successes and failures of foreign assistance. Through this experience, CRS has learned that effective programs require **local participation** in their design and implementation; people must participate in their own development. Whether working to strengthen agricultural supply chains, improve access to quality education or care for people living with HIV and AIDS, people must be the central participants in their own development.

This understanding of U.S. foreign assistance and integral human development resonates with American values. The generosity of the American people also affirms our efforts and those of the U.S. government to fight poverty and end global hunger.

Many faith-based organizations tirelessly advocate for the value and funding of U.S. foreign assistance. As part of its mission, CRS educates American Catholics about their moral responsibilities to act, both directly and through their government, on behalf of the poor overseas. We urge them to support the life-saving and transformative aspects of U.S. foreign assistance targeted to poverty alleviation and development.

## **Current Constraints to Foreign Assistance Effectiveness**

Supporting projects in 42 African countries, CRS has a profound respect and appreciation for the continent's rich diversity of culture, ethnicity, religion, and traditions. CRS also recognizes climate, resources, and other physical variabilities -- between and within the countries of the continent. We see many positive trends towards improved rule of law, better accountability, attention to health and education, and resolution of some of the persistent conflicts within countries.

But, confounding challenges remain and loom. The potential effect of climate change on rain-fed agriculture in Africa has been documented. Last year's food price spike engendered riots in Cameroon, Senegal, Burkina Faso, Cote d'Ivoire, and Guinea -- an indication of how volatile changes in food supply and availability impact stability. While we are not macro-economists, we also know that the global financial crisis that began here in our nation is already reducing global demand for African products and increasing unemployment. Again and again, our Church partners in Africa highlight the serious and growing problem of underemployed and unemployed, especially the poorly educated urban youth in growing cities.

Finally, the complicated series of conflict systems in E. Congo, Sudan, Chad, Somalia, and elsewhere is the Gordian knot of development. Conflict is development in reverse. The post-conflict trap is real. Foreign assistance reform needs to bring together multi-lateral diplomatic energy to ending these conflicts, consistent attention to rebuilding, and swift engagement of militant young men in constructive activity.

Several significant problems limit the potential of current U.S. foreign assistance to support integral human development:

- Lack of focus on the poorest people and the poorest countries: The confusing array of actors, initiatives and objectives incorporated in the Foreign Assistance Act demonstrates confusion about the purpose of U.S. foreign assistance. Only 25-34% of foreign assistance is directed to the poorest people in the poorest countries. By setting poverty alleviation and human development as the clear purposes for foreign assistance, the U.S. will not only recognize development as a moral imperative, but limit the duplication and inefficiencies created by competing priorities of governmental departments and agencies.
- Stove-piping: The people we serve are not single sector beings. Effective development must address the range of political, economic, social and cultural factors that perpetuate inequity and poverty. Current funding is frequently allocated and organized by sector, which requires groups like CRS to spend an inordinate amount of staff time and effort to patch together sources of funding into an effective multi-sectoral response. Where distinct funding streams have value, there needs to be country and community level flexibility in bringing resources together.
- Washington-driven: Integral human development can be planned, measured, and evaluated in Washington, but effectuated only with sufficient time, the credibility that comes from on-the-ground relationships, strong local and cultural knowledge, and technical expertise. The diversity of Africa argues against prescribed, cookie-cutter approaches. Similarly, under-

staffed and over-determined USAID missions cannot support the kind of effective participatory development implemented by faith-based groups and other PVO's.

- Confusion about the relationship between development and national security: The uncomfortable tension between foreign assistance goals and policies driven by short-term self-interests, rather than mutual interests and common concerns, leads to ineffective long-term development outcomes. Where U.S. development assistance has been directed solely towards national security ends, it has produced neither development, nor security. U.S. assistance in Africa during the Cold War, for example, was littered with security-motivated assistance gone awry. In recent years, 20% of foreign assistance has been channeled through the military, which has neither the training nor orientation necessary to build the long-term trust and relationships needed for community ownership of development. Paradoxically, where the U.S. supports a well-run development effort designed solely to help people in need, both development and security can result.
- Excessively Rigid Funding Mechanisms: Over the last decade, U.S. foreign assistance has increasingly been provided through acquisition (e.g. contracts) over assistance instruments (e.g. cooperative agreements, grants). According to USAID's 2009 business forecast, over 55% of USAID solicitations in 2009 will utilize acquisition instruments (contracts, task orders, and simplified purchase orders), as opposed to assistance (grants and Cooperative Agreements), with 6% of the solicitations still undetermined as to which mechanism will be used. The vast majority of the anticipated dollar value is planned to flow through acquisition instruments.

Acquisition instruments are intended to procure goods and services for the direct benefit of the U.S. Government and define the relationship between USAID and implementing partners in "buyer-seller" terms. Assistance instruments, in contrast, are intended to transfer resources for a public purpose of support or stimulation; assistance instruments define the relationship in "donor-recipient" terms. Assistance instruments afford greater opportunities for community participation and ownership, which are essential for success. Prescriptive, disjointed and rigid contract mechanisms also disregard complex needs in favor of quick fixes. Because of their sheer size, prescriptive nature, and rigid focus on outputs rather than impacts, USAID's move to large contracts has also limited the role that faith-based organizations can play.

I'd like to offer some perspectives on development and foreign assistance reform based on our work in three areas. I'll begin with Global Hunger and Food Security.

## **I. Global Hunger and Food Security**

For more than half a century, CRS has worked with USAID's Food for Peace, a phenomenally successful partnership that demonstrates the goodwill and compassion of the American people. We as a nation should be proud that our government is the largest food aid donor in the world. Our PL 480 Title II program assists millions of people living on the edge to meet their daily food needs, in turn providing individuals and communities with the strength necessary to move towards self-sufficiency through opportunities to earn livelihoods.

As one of the largest providers of U.S. food aid, CRS has witnessed firsthand how this program is an effective tool for helping poor people to help themselves. For example, with five years' investment of Title II food and funds, CRS worked through a local partner to reverse severe environmental degradation and improve the livelihoods of 570 poor households in Legedini, a rural community in eastern Ethiopia. Through support provided by USAID and CRS, this community has been able to use small-scale irrigation to grow marketable vegetables. They have also used this investment to develop small livestock herds and increase sales of milk, improve water and sanitation management, increase the engagement of women in microenterprise, and improve the nutritional content of family meals. Participants in a women's group have begun to save and to invest their savings in business activities that diversify their assets. The success of this program is a direct result of the effective combination of food aid to meet immediate needs and cash to support complementary livelihood support activities.

CRS also uses Title II resources in poor communities around the world as part of agriculture projects, village banking schemes, or other livelihoods enhancement efforts. Social safety net programs feed orphan-headed households and people who are too old or too sick to function in the local economy. Title II also provides food for maternal/child programs that combine food aid with prenatal and postnatal education and support.

Title II programs are extremely important to the families, communities and even nations that they serve. We now use food aid to help people avoid disaster and hunger through self-help and preparedness programs. The ultimate impact of this long-term investment was particularly apparent during the 2005 drought in Niger, where communities that had received sustained assistance through Title II were more resilient to the effects of crop loss and market price spikes.

If not properly administered, Food Aid can have a negative impact on local agriculture. For this reason, CRS exercises great care in using Title II resources. CRS also supports increasing the amount of cash in appropriate anti-hunger assistance, which would allow for a variety of initiatives, including local and regional purchases of food and voucher programs.

Regrettably, U.S. foreign assistance has made inadequate investments in agriculture. This lack of investment has led to stagnation in productivity and poor uptake of improved technologies, with productivity gains and innovation particularly low in Africa. CRS has launched a new global agriculture strategy that promotes integral human development through a flexible range of interventions that span the needs of the people we serve, in a continuum of relief to growth. The strategy places greater emphasis on household resilience, market engagement, and local empowerment, especially of women.

In an effort to help the U.S. implement a smart and comprehensive plan to end global hunger, CRS and other faith-based groups and PVO's came together around the Roadmap to End Global Hunger.

Based in part on the Roadmap, CRS recommends several food security specific considerations related to foreign assistance reform. These steps, made even more urgent by the food price crisis of last summer and fall and the current global economic crisis, include:

- Identify food security as a central purpose of poverty reduction and development and adopt a comprehensive approach to food security across the full continuum of relief, reconstruction, and development.
- Restore the role of faith-based groups, PVO's, and civil society partners. Ensure that there is a defined program -- not an earmark -- authorizing PVO participation.
- Improve emergency response with more cash for specific purposes and accountability, and provide more resources for mitigation and prevention.
- Greatly increase the resources available for market-based agriculture and market development, aimed especially at low-income farmers, particularly women.
- Integrate food security reform and coordination with overall foreign assistance reform, including ensuring that food security as part of development receives high level attention and coordination across the government.

## **II. Responding to the HIV and AIDS Pandemic**

The HIV and AIDS pandemic is one of the most serious threats to survival in sub-Saharan Africa. The U.S. has responded robustly, through the Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008. Strong leadership and broad bipartisan support have resulted in an initiative that shows the best possible face of the American people toward our world neighbors. The PEPFAR program is one of the most successful foreign assistance programs in our history. CRS thanks and congratulates this Committee for its role in this program.

Through PEPFAR, more than 2 million people are receiving antiretroviral therapy. Many of these people would not be alive today if they did not receive this vital treatment through PEPFAR. An additional 10 million people are receiving health care and other social services for HIV, including more than 4 million orphans and vulnerable children.

CRS has been at the forefront of the fight against HIV, particularly in sub-Saharan Africa, the focus of the PEPFAR funding. Since starting its first HIV project in 1986, CRS has expanded its work to more than 280 projects in 62 countries. Last year, CRS directly helped more than 3.5 million people affected by the disease. CRS' HIV projects are carried out in partnership with Catholic Church agencies and other local organizations and provide a comprehensive continuum of services, from education and prevention to initial testing to nutritional support to home-based and palliative care. Through the CRS-led AIDSRelief consortium with 200 partners in nine countries, more than 390,000 people living with HIV are receiving care and support services of which 145,000 are on life-saving antiretrovirals.

The five-year reauthorization of PEPFAR was an important step in continuing to alleviate the suffering of some of the world's most vulnerable people. We are fully engaged in the local capacity building, movement towards sustainability and health care system strengthening the reauthorization envisions.

We urge that the commitments of the Lantos-Hyde Act be fully funded and that the life-saving model included in the reauthorization be preserved.

Both the U.S. Conference of Catholic Bishops and CRS strongly supported the retention of the “conscience clause,” which will help ensure that Catholic and other faith-based organizations are not discriminated against as HIV and AIDS service providers. Even with the conscience clause, Requests for Applications are issued that bundle services in ways that effectively prevent us from applying. Without the conscience clause, we fear many faith-based organizations providing health care and HIV services would be excluded, along with those people they serve.

The ABC HIV prevention efforts that are part of PEPFAR have also showed progress — particularly through “Abstinence” and “Be Faithful.” Data about the effectiveness of abstinence and faithfulness have been largely ignored. However, there is widespread consensus among public health experts that “partner reduction” and the “delay of sexual debut” are critical components of any comprehensive approach to reduce the spread of HIV.

Faith-based organizations have a unique role in HIV prevention efforts. Without judging other agencies or their interventions, there is an important place in the local cultural and religious environments in Africa for helping youth to delay sexual debut and reduce the number of sexual partners. Faith-based programs are deeply rooted in the local culture, trusted and can be highly effective in delivering AB services.

CRS also believes that prevention is much larger than the polarizing debate between elements of the ABC approach. We are dedicated to addressing underlying structural issues that contribute to continued transmission, including gender equity, child rights, etc... Our prevention interventions include prevention of mother to child transmission, ART and adherence, increased counseling and testing. In 68 countries in more than 280 HIV projects, we continuously see the need to increase key behavior change messages throughout our programs. The conscience clause ensures that we can continue to provide these messages (which include full and accurate information about all prevention methods).

### **III. Microfinance**

CRS first began small enterprise development projects in the 1960s and launched its first microfinance pilot project in 1988. Through its microfinance programs, CRS aims to help empower poor people, especially women, by providing access to financial services – ranging from credit and savings to insurance – that are integral to obtaining the resources necessary to earn livelihoods, essential to breaking the cycle of poverty. CRS supports microfinance partners and programs in 38 countries throughout Africa, Asia, Europe, the Middle East and Latin America. Since 1988, CRS has brought sustainable financial improvements to the lives of more than 1 million people.

Some years ago, CRS made a strategic decision in our microfinance programming to target the most marginalized and underserved communities. We refocused our efforts, moving from founding microcredit institutions to helping to form savings-led groups, where a small group of people pool their resources and can access very small loans of \$5 to \$30. This pool of money is then used to provide small loans to group members. This approach especially benefits women, who increasingly head poor households and are far more likely than men to channel increased income from their business activities into essential benefits for their families. We have found that



this savings-led model also integrates well with a wide range of programs: targeting people living with HIV or their caregivers, orphans and vulnerable children, boosting farmers who do not have access to traditional credit, or aiding water and sanitation programs and education initiatives.

Microfinance programs can be very successfully integrated with a host of other programs that fight poverty. We have successfully linked microfinance and agro-enterprise development in Tanzania, where 3,800 farmers were able to access microfinance support through their involvement in savings groups. This enabled them to begin growing an improved variety of chickpeas as a marketable export crop. Through their savings groups, these farmers were able to leverage economies of scale in both production and marketing, leading to substantial increased net income for their families.

## **Recommendations**

Based on our experience, we strongly support the efforts of Chairman Berman to rewrite the Foreign Assistance Act and to pursue comprehensive reform, which aims to improve development effectiveness. We are encouraged by the new Administration's commitment to reform and by the President's proposed budget, which signals a commitment to elevate development and double foreign assistance funding. As the FY2010 budget goes to conference we urge support for the Senate-passed levels for the international affairs budget. We are also pleased with the Administration's support for PEPFAR and the Millennium Challenge Corporation (MCC). Continued support for these two innovative programs, initiated under the last Administration, acknowledges that investments in development and relief are consistent with American values across the political spectrum.

To address the constraints we have identified, though, we recommend foreign assistance reform include these elements:

Define poverty reduction and human development as the central purposes of development assistance. Foreign assistance directed to short-term security interests undermines the participation and ownership required for long-term development. Only when designed and implemented to alleviate poverty and promote integral human development will foreign assistance be effective. By stressing poverty alleviation and integral human development, the U.S. will meet its moral obligations as a global leader, enable developing countries to participate fully in the global economy, and in the long-run help ensure our own national security.

Emphasize development effectiveness over aid effectiveness. Reform should concentrate on the effectiveness of development, as measured by impact on people, households and communities, as opposed to effectiveness of aid, as measured by inputs and outputs. The focus on inputs and outputs leads to short-term fixes and long-term failure. Development effectiveness requires predictable, yet flexible funding mechanisms. Multi-year funding commitments recognize the complexity of development challenges and allow for the participation of beneficiaries in their own development. Greater flexibility will allow faith-based and other U.S. implementing partners to respond more effectively to changing needs of communities driven by evolving circumstances (e.g. drought, conflict, floods) or opportunities. New mechanisms should

facilitate merging of multiple funding streams to support appropriate multi-sectoral programs. The U.S. should prioritize the use of assistance instruments over acquisition instruments for programs intended to promote local participation and ownership.

Restore U.S. civilian capacity and authority to manage foreign assistance. CRS urges rebuilding and reinvigorating the U.S. civilian agencies (e.g. USAID, State) responsible for foreign assistance. Restoration of capacity will allow U.S. civilian agencies to rely less on contract mechanisms, which have become USAID's funding mechanism of choice given its shortage of staff available to provide support and oversight to faith-based partners and American PVOs. A strengthened USAID--in one form or another--with authority will also limit the duplication and inefficiencies created by all the competing and duplicative federal agencies and departments now involved in foreign assistance.

Strengthen capacity of local government and civil society to address development challenges. It is important to strengthen both local governments and civil societies in order to promote accountability and participation. Weak and authoritarian governments in Africa impede progress and undermine development. In these situations, it is especially important for foreign assistance to promote change by building the capacity of local civil society to encourage social justice, poverty reduction, and the dignity and rights of the poor. Civil society, including faith-based organizations, has a demonstrated capacity to assess problems, prioritize and manage investments in people, identify practical approaches to service delivery, evaluate outcomes and hold governments accountable for promised outcomes.

Require a balanced development strategy tailored to people's needs. Effective development should reflect the specific and comprehensive needs in each country, as determined by on the ground USAID staff in partnership with local government, civil society, faith-based groups, and American PVOs. Existing disjointed development policies, stove-piped sources of funding, and prescriptive donor restrictions impede balanced development by limiting the ability of implementing partners to adapt available resources and programs to meet beneficiary needs.

Strengthen resources to address complex needs and meet global commitments. Despite the budgetary pressures brought on by the global financial crisis, the U.S. must sustain its commitment to poverty reduction by maintaining, and over time, increasing human and financial resources in support of development in Africa. Increased levels of development assistance are needed to address such critical challenges as climate change, conflict, and soaring food and energy prices. The convergence of these complex factors hinders efforts to alleviate poverty. Accordingly, the U.S. must act in concert with other public donors, private actors, foundations, faith-based organizations and PVOs to respond to these needs with a full array of resources.

Preserve the role of faith-based organizations. Faith-based organizations fill large niches that few others can. We have the experience and extensive networks of local partners that provide the respect for local values, cultures, and traditions necessary for effective long-term development. Conscience clauses and other provisions that mitigate against discrimination in funding and allow faith-based organizations to bring their unique strengths to extending the delivery and effectiveness of U.S. foreign assistance are essential.

**Conclusion**

The mission of CRS as a faith-based PVO is to serve the poorest of the poor, and the most vulnerable members of our human family. In this mission, we are proud to be a partner of the U.S. government and we look forward to working with you to improve that collaboration.

I would like to once again thank you, Chairman Payne, Ranking Member Smith, and all the members of the subcommittee for your leadership in addressing foreign aid reform. CRS also appreciates your holding this hearing on development priorities for Africa in order to solicit recommendations from operational PVOs, including faith-based organizations.

I would be pleased to respond to any questions that the Committee might have.